

**Fiscal Year 2010 DEQ Fee Proposal
Great Lakes Submerged Lands (Part 325) Fees
November 6, 2008**

Program Description. The Great Lakes Submerged Lands Program regulates construction activities along 3,052 miles of Great Lakes shorelands and over 38,000 square miles of Great Lakes bottomlands. Bottomlands are areas of the Great Lakes that have been submerged or periodically inundated and affected by the waves and waters of the Great Lakes. The State of Michigan acts as trustee of these public trust bottomlands to maintain and manage the resources for its citizens.

MCL Citation. MCL 324.32501

Sunset Date. Sunset date for the Part 325 permit fees is October 1, 2011.

Last Fee Increase. The Part 325 permit fees have not been increased since 1996.

Who Pays the Fees? About 80 percent of the applications are made by private property owners, commercial and residential developers, business and industry. The other 20 percent of the applicants are local, state and federal agencies such as the Department of Natural Resources, Michigan Department of Transportation, Natural Resource Conservation Service, and the United States Forest Service.

Services Provided. From 400 to 700 applications are processed each year. Regulated activities include construction in or near the Great Lakes, such as, marinas, permanent docks, shore protection, outfall structures, dredging or filling. The permits are designed to ensure that economic development at the land/water interface will not threaten riparian interests, cause property damage, or significantly degrade the aquatic ecosystems.

Benefits of the Services Provided. This program fulfills the State of Michigan's public trust responsibility to perpetually protect the Great Lakes bottomlands and the water and natural resources they provide for the benefit of all of its citizens. In addition, staff often provide applicants expertise on shore protection, dock, and other project design to ensure that projects will function better and longer. The timely review of permits allows projects to move quickly. Services also ensure that adjacent riparians, local officials, and others have the opportunity for input on major projects.

What Happens Without The Services? Portions of the public trust bottomlands will be permanently occupied and thus lost forever to the public. Improper shoreline protection structures will exacerbate erosion along the Great Lakes shorelines and in the near-shore environment. Natural resources, including the habitats of threatened and endangered species, such as the piping plover, will be adversely impacted. Riparian rights of may be adversely impacted as someone could construct in a manner that would prevent them from accessing the water from their property. Poorly designed and located structures could interfere with navigation. In addition, reduced services will cause applicants and contractors money. Without adequate, well trained staff, opportunities to provide technical assistance and to ensure adequate project review will be lost, and less than desirable projects may result.

Current Fee Revenue. The LWMD saves citizens time and money by providing one consolidated permit for up to six regulated activities. The charge for this permit equals the cost of the fee for the highest single permit, although the permit authorizes multiple regulated activities to take place. Therefore, it is not possible to project fees separately for Great Lakes submerged land activities.

Proposed Fee Revenue. The current combined Land and Water Management Division (LWMD) fee schedule yields approximately \$2 million annually, and the proposed increase will yield approximately \$3.2 million.

Service Improvements and Efficiencies. Working with stakeholders, the permitting process was reengineered. As a result, most permits are now handled in the district offices, an Expedited Permit Process was initiated, and general permits are being developed. In addition, Geographic Information System (GIS) tools are being more widely used. Unfortunately, additional resources are needed to fully implement the Value Stream Mapping (VSM) process improvements called for by stakeholders, and to ensure adequate staffing to properly manage LWMD programs.

Service Reductions. Over the past year and a half the LWMD conducted an extensive internal review of available resources and workload requirements. Concurrently with this review the LWMD was the subject of a nine month evaluation by the Director's Environmental Advisory Council (EAC). Both efforts identified a critical imbalance between workload and available resources. A workload reduction plan has been implemented, with full EAC support, to better align staff work efforts with priority duties in the division. Service reductions include discontinuation of site visits during minor permit reviews, no response to complaints from the public that fit the LWMD low priority category, and severely limited outreach to the regulated community.

Impact Without Fee Increase. As indicated above, the LWMD permit fees are based on the highest fee of the activities being sought for permit, and are not maintained by program area. Therefore, the impact of the outcome of this fee proposal effort will have to be evaluated across all of the programs. At a minimum, the level of service available will be limited. Should a lack of funding require that the Great Lakes Submerged Lands Program be eliminated in order to sustain other LWMD programs, the impacts will be as follows:

Unauthorized occupation of state-owned public trust bottomlands and potential adverse impacts to boating, navigation, fisheries, and wildlife habitat will occur. This will happen as issues such as beach grooming, wind generation, lighthouse disposition, dredging of recreational boat harbors, open water disposal of dredge sediments, and other public trust issues are causing increasing pressures on the state's Great Lakes bottomlands.

It is the responsibility of the state to protect Michigan's Great Lakes public trust waters. Part 325 is the only state statute that protects the public's access and use of these Great Lakes waters as well as helping to protect the fish and wildlife habitat found therein. It is also the only statute that allows for the lease of Great Lakes public owned bottomlands, thus allowing legitimate uses to occur. These leases also generate money that would be lost to the state should the program be eliminated..

Statutory amendments would be needed to eliminate the responsibility to administer this program should funding not be provided.

A portion of the fee request is to allow the division to upgrade the permitting database which is over 20 years old, as well as to integrate the various other databases that have been created to supplement this antiquated system. The current database is not capable of being upgraded and does not allow the information tracking that is necessary to comply with current statutes, respond to requests relative to LWMD programs from internal or external interests, nor to easily respond to legislative reports and inquiries. Without an update, the database will also be out of compliance relative to security and cash handling protection issues.

**Proposed Fee Schedule
 Great Lakes Submerged Lands**

ACTIVITY	CURRENT FEES	2009-2010 PROPOSED FEES
General Permit	New	\$200
Minor Permit	\$50	\$350
Marina Expansion 1-10 slips	\$50	\$750
Marina Construction 1-10 slips	\$100	\$1,200
Marina Expansion 11-25 slips	New	\$1,500
Marina Construction 11-25 slips	New	\$2,200
Marina Expansion 26-50 slips	\$250	\$3,700
Marina Construction 26-50 slips	\$500	\$4,500
Additional Slips over 50	\$10	\$35
Marina Maintenance Dredging 10,000 cyds or more, or seawall construction of 300 ft. or more. (Authorizations last for 5 years)	\$1,500	\$4,500
Major Projects	\$2,000	\$7,500
All Other Projects	\$500	\$2,300
Certificate of Lakeward Boundary or Certificate of Accretion	\$200	\$750
Minor Permit Revision / Transfer	New	\$300
Pre-application for permit Meeting – In Office for a Single Residential Lot < 1 acre	New	\$0
Pre-application for permit Meeting - On-Site for a Single Residential Lot < 1 acre	New	\$150
Pre-application for permit Meeting – In Office for all other projects	New	\$100
Pre-application for permit Meeting - On-Site for all other projects	\$250 (up to 300 feet of shoreline) plus \$50 each additional 100 feet (not to exceed \$1,000)	\$250 (up to 300 feet of shoreline) plus \$50 each additional 100 feet (not to exceed \$1,000)